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**SOUTHWEST AVOYELLES  
WATERWORKS DISTRICT**

Bunkie, Louisiana

Compiled Financial Statements

December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/15/07

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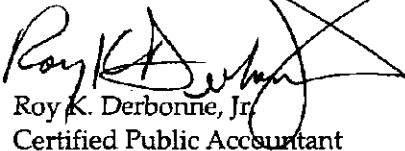
Member  
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## ACCOUNTANTS' REPORT

Board of Directors  
Southwest Avoyelles Waterworks District  
Bunkie, Louisiana

I have compiled the accompanying statement of financial position of Southwest Avoyelles Waterworks District, a component unit of the Avoyelles Parish Police Jury, as of December 31, 2006 and 2005, and for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary information that is the representation of management. I have not audited or reviewed the accompanying 2006 and 2005 financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



Roy K. Derbonne, Jr.  
Certified Public Accountant

June 13, 2007

**COMPONENT UNIT FINANCIAL STATEMENTS**

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Proprietary Fund Type  
Enterprise Fund  
Comparative Balance Sheet  
December 31, 2006 and 2005  
(Unaudited)

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 23,368	\$ 17,929
Investments	74,678	72,848
Accounts receivable, water sales	<u>14,546</u>	<u>15,387</u>
Total current assets	<u>112,592</u>	<u>106,164</u>
Restricted assets:		
Cash and cash equivalents	157,342	134,929
Property tax receivable	<u>12,452</u>	<u>13,686</u>
Total restricted assets	<u>169,794</u>	<u>148,615</u>
Property, plant and equipment:		
Land	1,200	1,200
Water system	989,281	989,281
Equipment	<u>22,726</u>	<u>22,726</u>
Total	1,013,207	1,013,207
Less: accumulated depreciation	<u>(456,343)</u>	<u>(425,457)</u>
Net property, plant and equipment	<u>556,864</u>	<u>587,750</u>
Total assets	<u>\$ 839,250</u>	<u>\$ 842,529</u>

See accountant's report.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Proprietary Fund Type  
Enterprise Fund  
Comparative Balance Sheet  
December 31, 2006 and 2005  
(Unaudited)

	<u>2006</u>	<u>2005</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities:		
Current liabilities (payable from current assets) -		
Accounts payable	\$ 1,437	\$ 1,542
Total current liabilities (payable from current assets)	<u>1,437</u>	<u>1,542</u>
Current liabilities (payable from restricted assets) -		
Revenue bonds	8,000	8,000
Customer deposits	10,140	10,830
Accrued interest payable	<u>4,918</u>	<u>5,267</u>
Total current liabilities (payable from restricted assets)	<u>23,058</u>	<u>24,097</u>
Long-term liabilities:		
Revenue bonds payable (net of current portion)	<u>92,000</u>	<u>100,000</u>
Total long-term liabilities	<u>92,000</u>	<u>100,000</u>
Total liabilities	<u>116,495</u>	<u>125,639</u>
Fund equity:		
Contributed capital -		
Grants	639,515	639,515
Less: Accumulated amortization	<u>(224,086)</u>	<u>(201,120)</u>
Net contributed capital	<u>415,429</u>	<u>438,395</u>
Retained earnings:		
Reserved -		
Revenue bond retirement	144,214	123,599
Unreserved	<u>163,112</u>	<u>154,896</u>
Total retained earnings	<u>307,326</u>	<u>278,495</u>
Total fund equity	<u>722,755</u>	<u>716,890</u>
Total liabilities and fund equity	<u>\$ 839,250</u>	<u>\$ 842,529</u>

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Proprietary Fund Type  
Enterprise Fund  
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings  
Years Ended December 31, 2006 and 2005  
(Unaudited)

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Charges for services - water sales and fees	\$ 102,099	\$ 99,124
Operating expenses:		
Office	1,710	1,143
Telephone and utilities	17,067	13,260
Supplies	6,034	5,339
Repairs and maintenance	9,141	5,826
Professional services	2,200	2,200
Contract services	34,614	35,174
Director per diem	1,920	1,920
Insurance	4,114	4,614
Depreciation	30,886	31,092
Other operating	3,550	3,496
Total operating expenses	<u>111,236</u>	<u>104,064</u>
Operating loss	<u>(9,137)</u>	<u>(4,940)</u>
Nonoperating revenues (expenses):		
Interest income	3,391	2,107
Property tax revenue	16,662	16,969
Interest expense	<u>(5,051)</u>	<u>(5,408)</u>
Total nonoperating revenues (expenses)	<u>15,002</u>	<u>13,668</u>
Net income	5,865	8,728
Add: Depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	22,966	21,933
Retained earnings, beginning	<u>278,495</u>	<u>247,834</u>
Retained earnings, ending	<u>\$ 307,326</u>	<u>\$ 278,495</u>
See accountants' report.		

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Proprietary Fund Type  
Enterprise Fund  
Comparative Statement of Cash Flows  
Years Ended December 31, 2006 and 2005  
(Unaudited)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Cash received from customers	\$ 103,092	\$ 97,103
Cash payments to suppliers for goods and services	<u>(80,455)</u>	<u>(73,716)</u>
Net cash provided by operating activities	<u>22,637</u>	<u>23,387</u>
Cash flows from capital and related financing activities:		
Principal paid on notes and bonds payable	(8,000)	(7,000)
Interest paid on notes and bonds payable	(5,400)	(5,751)
Tax revenue collected, net of fees	<u>17,896</u>	<u>17,337</u>
Net cash provided for capital and related financing activities	<u>4,496</u>	<u>4,586</u>
Cash flows from investing activities:		
Increase in investments	(1,830)	(26,673)
Interest received on investments	<u>2,549</u>	<u>2,107</u>
Net cash provided (used) by investing activities	<u>719</u>	<u>(24,566)</u>
Net increase in cash and cash equivalents	27,852	3,407
Cash and cash equivalents, beginning of year	<u>152,858</u>	<u>149,451</u>
Cash and cash equivalents, end of year	<u>\$180,710</u>	<u>\$152,858</u>



SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Proprietary Fund Type  
Enterprise Fund  
Comparative Statement of Cash Flows (Continued)  
Years Ended December 31, 2006 and 2005  
(Unaudited)

	<u>2006</u>	<u>2005</u>
Reconciliation of net income to net cash provided by operating activities:		
Operating income (loss)	\$ (9,137)	\$ (4,940)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	30,886	31,092
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	1,683	(2,471)
Increase (decrease) in accounts payable	(105)	288
Increase (decrease) in customer deposits	<u>(690)</u>	<u>450</u>
Total adjustments	<u>31,774</u>	<u>29,359</u>
Net cash provided by operating activities	<u>\$ 22,637</u>	<u>\$ 24,419</u>

See accountants' report.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

The Southwest Avoyelles Waterworks District (the "District") was created on March 23, 1973 as a nonprofit corporation as defined in Louisiana Revised Statutes (1950) 12:010 (8). The Corporation operates under a Board of Directors consisting of four (4) members. The following is a summary of certain accounting policies.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, Audits of State and Local Governmental Units.

The Water District is a component unit of the Avoyelles Parish Police Jury, the primary government. The directors of the District are appointed by the Avoyelles Parish Police Jury.

The Water District serves approximately 300 customers and has 2 contract employees.

A. Basis of Presentation

The accompanying component unit financial statements of the Southwest Avoyelles Waterworks District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

For financial reporting purposes, these component unit financial statements include all funds and activities that are controlled by the District as an independent political subdivision of the State of Louisiana. Although legally separate from the Avoyelles Parish Policy Jury, the Avoyelles Parish Police Jury appoints the Board of Directors and has the ability to impose its will on the District, and therefore, is considered to be a component unit of the Avoyelles Parish Police Jury (primary government), the financial reporting entity.

C. Fund Accounting

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to Financial Statements (Continued)

The District uses an enterprise fund to account for its proprietary fund operations. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded in accounts receivable.

E. Fixed Assets and Liabilities

Fixed assets are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5 - 8 years
Buildings	40 years
Storage tanks	50 years
Distribution system	50 years

All fixed assets are stated at historical cost. Donated fixed assets, if any, are stated at their estimated fair value on the date donated.

The District follows the policy of capitalizing interest as a component of the cost of property, plant and equipment for its own use. For the year ended December 31, 2006, there were no interest charges capitalized on fixed assets acquired or constructed.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to Financial Statements (Continued)

F. Investments

Investments which consist of insured money market accounts and interest-bearing demand deposit accounts are stated at cost, which approximates market.

G. Restricted Assets

Certain proceeds of the Revenue Bonds and Public Improvement Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Also, security deposits paid by customers are classified as restricted assets since they are refundable to the customer.

H. Bad Debts

The allowance method is used to recognize bad debts of accounts receivable. The allowance is determined based upon past history and the aging of accounts receivable as of year-end. The allowance for bad debts at December 31, 2006 is immaterial.

I. Compensated Absences

The District has no set policy for accumulated vacation, sick pay or other employee benefits. Therefore, no accruals for compensated absences have been made in these financial statements.

J. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds.

K. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to Financial Statements (Continued)

(2) Cash and Investments

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the law of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2006, the District had cash and interest-bearing deposits (book balances) totaling \$ 180,710. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. Deposit balances (bank balances) at December 31, 2006 of \$180,883 were secured in total by federal deposit insurance of \$98,543 and pledged securities in the amount of \$82,340.

The investments held by the District are comprised of time deposits with a maturity of six months and one year. The carrying amount approximates market. The bank balances totaling \$74,678 were secured by federal deposit insurance,

(3) Accounts Receivable

The accounts receivable balance at December 31, 2006 of \$14,546 consisted of billings of \$13,704 and accrued interest of \$842. Billings receivable consisted of the following:

Current	\$ 7,061	69%
Arrears	<u>3,105</u>	<u>31%</u>
Total billed	10,166	<u>100%</u>
Unbilled	<u>3,538</u>	
Total receivables, net	<u>\$13,704</u>	

Unbilled receivables represent the estimated billings for water sales from the last date the meters were read in the year of 2005 (approximately the 20th of December) to the end of the year.

The property tax revenue for 2006 and the receivable balance at December 31, 2006 consisted of the following:

Taxable assessments	\$2,452,090
Millage rate	<u>0.00670</u>
Gross tax revenue	16,429
Collections of Interest and late fees	<u>233</u>
Net tax revenue	<u>\$ 16,662</u>

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to Financial Statements (Continued)

The taxes are levied in October of each year and are payable by January 1 of the following year. The Avoyelles Parish Sheriff bills and collects the taxes. The tax rolls are prepared and certified by the Avoyelles Parish Assessor. As per Note 5, these revenues are securing the Public Improvement Bonds payable at FHA. The 6.7 tax millage expires in the year 2010.

(4) Property, Plant and Equipment

A summary of changes in property, plant and equipment follows:

	<u>12/31/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2006</u>
Land	\$ 1,200	\$ -	\$ -	\$ 1,200
Equipment	22,726	-	-	22,726
Distribution system	<u>989,281</u>	<u>-</u>	<u>-</u>	<u>989,281</u>
Totals	<u>\$1,013,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,013,207</u>

(5) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2006:

Long-term obligations payable, December 31, 2005	\$ 108,000
Additions	-
Deductions	<u>(8,000)</u>
Long-term obligations payable at December 31, 2006	<u>\$ 100,000</u>

Notes and bonds payable (current and long-term portions) are financed with the Farmers Home Administration (FHA).

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to Financial Statements (Continued)

Notes and bonds payable at December 31, 2006 consist of the following individual liabilities:

Revenue Bonds

\$225,000 1976 bonds, bearing interest at 5% per annum. Final maturity date, January 9, 2016.

\$ 100,000

Total bonds payable at December 31, 2006

\$ 100,000

Principal and interest payments on the Revenue Bonds, Public Improvement Bonds, and the installment note are due on January 6th of each year.

The Revenue Bonds and the installment note are secured by the revenue derived from operation of the system. The Public Improvement Bonds are secured by the annual levy of unlimited ad valorem taxes on all taxable property within the corporate limits of the Waterworks District.

The annual requirements to amortize all notes and bonds outstanding as of December 31, 2006 are as follows:

<u>Period Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2006	8,000	5,000
2007	8,000	4,600
2008	9,000	4,200
2009	9,000	3,750
2010	10,000	3,300
2012-2016	<u>56,000</u>	<u>8,650</u>
Total	<u>\$ 100,000</u>	<u>\$ 29,500</u>

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to Financial Statements (Continued)

The ordinance authorizing issuance of the revenue bonds created the Bond Sinking Fund, Interest Reserve Fund and Contingencies and Depreciation Fund. The gross revenues of the waterworks system, after deduction of reasonable expenses of operations and maintenance are pledged to these funds as follows:

Bond Sinking Fund

A transfer from the Water Revenue Fund on or before the 20th day of each month of each year is a sum equal to one-twelfth (1/12) of the total amount of principal and interest falling due in ensuing year.

Interest Reserve Fund

A transfer from the Water Revenue Fund on or before the 20th day of each month of each year is a sum at least equal to five percent (5%) of the amount being transferred to the Bond Sinking Fund, with payments to continue until the fund has accumulated a sum equal to the highest combined principal and interest falling due in any year, as a Debt Service Reserve for the sole purpose of paying the principal and interest on bonds payable from the Bond Sinking Fund as to which there might otherwise be default.

Contingencies and Depreciation Fund

A transfer from the Water Revenue Fund on or before the 20th day of each month of each year is the sum of fifty-five dollars (\$55.00), said funds to be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the System properly.

All required deposits were made to these funds. Activity in these funds for 2006 follows:

	<u>Sinking Fund</u>	<u>Reserve Fund</u>	<u>Depreciation Fund</u>
Balances 12/31/05	\$ 29,030	\$ 14,145	\$ 12,565
Transfers in	14,940	748	660
Interest earned	118	72	64
Payments on bonds and notes	<u>(13,400)</u>	<u>-</u>	<u>-</u>
Balances 12/31/06	<u>\$ 30,688</u>	<u>\$ 14,965</u>	<u>\$ 13,289</u>



SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to Financial Statements (Continued)

(6) Retirement Commitments

All work is done by subcontractors, therefore, the District has no responsibility to provide retirement benefits.

(7) Contributed Capital

Amounts contributed to the enterprise fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This depreciation is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings.

Contributed capital for the Water District consist of the following:

Federal Grants	<u>\$ 639,515</u>
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The contributed capital is externally restricted for capital acquisitions or construction. Depreciation on the fixed assets acquired by contributed capital is treated as a reduction of contributed capital and a corresponding increase in retained earnings. In the current year, \$ 21,933 of contributed capital was amortized.

(8) Litigation

At December 31, 2006, there is no litigation pending against the District.

(9) Board Member's Compensation

The Board of Directors receive \$40 a month (\$480 annual) compensation. For the year ended December 31, 2006, total received by the Board was \$ 1,920.